COST *and* MANAGEMENT

THE OFFICIAL JOURNAL OF

THE CANADIAN SOCIETY OF
COST ACCOUNTANTS & INDUSTRIAL ENGINEERS

INCORPORATED 1920

HEADQUARTERS, 81 VICTORIA STREET, TORONTO

Telephone Elgin 8914

Vol. 5 **NOVEMBER, 1930** **No. 11**

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Subscription price to non-members, $5 a year. Single copies 50 cents. Members desiring 5 copies or more of a single issue may obtain them at 25 cents each.

Inventory Control and Production Scheduling

By B. W. LANG AND ASSOCIATES,
Of Goodyear Tire & Rubber Co. of Canada, Ltd.

(Before Toronto Chapter, October 15, 1930.)

A FEW years ago J. Ogden Armour, in an article in "System," made the following statement:— "The basis of profitable business is active money. Money is active if the capital invested is constantly turning. The test of a business is the number of times the stock is turned over at a profit each year."

Inventory control and production scheduling are the means to accomplish this end at a minimum cost. The main aim is the systematic moving of raw materials, goods in process, and finished products, which should logically result in minimum inventories being carried.

Demand is the governing factor of a manufacturing business.

Where a company's business is the contract or special order type, then material control and production scheduling must be specially organized to meet this type of production. We believe that the majority of plants manufacture standard articles which are in constant or seasonal demand. We will therefore build up our remarks around the latter type of business, although in the main this should apply, with modifications and minor changes, to the contract or special order business.

We will also build our remarks on the basis of a plant where the complete product is manufactured in a few days or a week. The whole set-up would have to be adjusted to meet each plant's particular needs, based on the length of time necessary to secure raw materials, etc., and the length of time necessary to complete the manufacture of a product from the first process to the final finished article.

The first requirement, and one of the most important of an efficient organization, is the building up of an accurate estimate of the production requirements, not only for the next month, but for a number of months in advance.

These estimates should be furnished by the sales department after a very close study of sales of all articles in the line for previous years, months, or weeks, or based on actual orders on hand for future delivery.

We would also suggest the necessity of a meeting between the sales and production organizations early each week to definitely schedule, in detail, the production for the following week, or similar period. This meeting could also be used to discuss products which are urgently required for shipment and for the follow-up on delivery promises on special order or contract products.

The capacity of equipment, machinery and the plant as a whole must be taken into consideration in building up estimated production requirements for any given period. A particular product may be molded in a special piece of equipment, and the production on such a product is therefore governed by the capacity of such equipment.

Materials Control Division

Materials control is a systematic method of calculating the estimated volume of material required daily, weekly, or monthly, and the proper scheduling of these materials in order to keep a steady flow of production, free from delays, with the minimum amount of material on hand.

Considerable savings should result, through properly organized materials control, on the following items:

Reduction in the amount of capital tied up in raw materials on hand.

Reduction in the floor space, bins, etc., necessary to stock this material.

Savings in handling or re-handling charges. Materials may be so scheduled that delivery, in whole or in part, may be made direct from the receiving platform to the processing department.

Reduced loss due to obsolescence of materials through change in specifications or changes in demand for the company's various products.

Reduced waste due to materials being in better condition when delivered to production departments.

A material specification is necessary for each article or product manufactured, or material make-up sheet for special or contract orders, showing in detail description and quantity of materials required to produce such products.

Detail charts showing quantities of the different materials required to produce each size or type of product may be built up from these material specifications. These charts should be in such a form that estimated material requirements may be readily computed when production schedules or estimates are received for any given period.

The production estimates should be received early in one month, showing requirements for the following month. From this production estimate is calculated the quantities of the various materials required to process the following month's production. It is usual, at the same time, to receive estimates for future months' production, which would be calculated into material requirements, in like manner, for tentative estimates of requirements beyond the next month.

We will now consider the form of material control sheet, and would refer to the sample Form 279, which is attached.

This form provides space for a complete story on one item of material, including full description of the material or item, size or code number under which it is purchased or stocked, volume in which the item may be purchased to best advantage, packing capacity such as size or weight of bags, drums, barrels, packages, quantity in minimum carload, etc., time necessary to secure delivery after placing requisition, the approximate cost, terms and other information as indicated on the form.

The terms, on which purchase is made, are important, as this enables the Material Control Dept. to schedule shipping dates in such a manner as to very often have received the material, used it in production, and the products sold before payment is made to the vendor. Where terms call for payment in the following month, stocks are particularly run low at the end of the month, in order to schedule orders for shipment early in the next month. This results in securing the maximum amount of time between the date of shipment and the date of payment.

Where purchases are made on, say, 10-day terms, then materials are studied closely in order to have materials coming in as often as is practical, taking into consideration prices paid, transportation cost, cost of handling or re-handling, available storage space, cost of storage, and other variable items.

We have already estimated requirements of each material for the next month, and tentative estimates for a number of months ahead. These figures should be posted in the space provided on the control sheets.

Where a standard stock material is used in a special or contract order, proper notation should be made on the control sheet, showing quantity, date required, and order number. The necessary steps should be taken to see that this material is held in reserve so that it will be available for use on the date specified.

Each material should be reviewed to determine the delivery or deliveries necessary to meet requirements during the next month, taking into account the inventory on hand, less estimated usage for the balance of the current month. Purchase requisitions are then issued showing quantity, description, shipping date, etc., and necessary information entered under "Orders and Deliveries" on the control sheet. Purchase requisitions are then forwarded to the Purchasing Department.

Space is provided on the control sheet for the posting of revised scheduling of orders, for the date of receipt and quantity received on each order. This record should show at all times the volume of materials on open order.

Production estimates, for the next month, may be changed before the start of the month, and in such case, the new estimates should be broken down in detail to show the requirements on each material. Space is provided to post this revised estimate on the control sheet.

There is also space provided for a weekly estimate, which could be built up each week on the production requirements for the following week.

We might state that a separate stores record sheet (Form 393) is maintained, to which is posted daily receipt and disbursement of materials. This sheet is provided with two columns, one for weekly total consumption, and the second for monthly total consumption. These figures, and actual stock on hand, are posted to the control sheet at the end of each week or month.

This control sheet can be studied, each week, to determine whether the necessary materials are on hand, or will be delivered, to meet the requirements for the following week. A similar study can be

made as to requirements one or two months ahead, where the nature of the material or the time necessary to secure delivery makes such planning necessary. This sheet can also be studied weekly, on items on which there is a large stock, in order to re-schedule or if necessary cancel purchase orders which have already been placed but not filled.

This control sheet is designed to cover the movements of a material for a year. Small insert sheets may be inserted over the section "Orders and Deliveries" where required in order to record this information over a period of a year.

The previous year's monthly consumption may be posted for reference purposes, and may be of value in studying material requirements for the manufacture of products on which the demand is seasonal.

Production Scheduling or Production Control

The chief functions of this division are routing, scheduling, and despatching of materials and products in process.

This work is usually under the supervision of a Chief Scheduler, who should be directly responsible to the Factory Manager.

These functions are therefore taken away from the department foreman, leaving his full time available for the management of his department and the proper processing or assembling of scheduled materials or products.

The principle of production control or scheduling is primarily the same for different types of production. One plant may be assembling from parts purchased, while another plant may first manufacture various units from raw materials, and later assemble these units into the finished product.

A complete record of the capacities of each machine or operation in the entire plant is essential to the proper efficient scheduling and despatching of production. These records are usually built up from actual performance or time studies.

The elapsed time or time for manufacture must be estimated between operations or between departments, so that production may be scheduled for each machine, department, or division, in such a manner as to provide an even flow of work throughout all departments, with a minimum volume of material in process between operations or departments.

A weekly or monthly production ticket (or special order ticket) should first be checked by the Materials Control Division to see that the necessary materials are on hand, or will be on hand, to manufacture the products called for.

The production ticket should then be delivered to the chief scheduler in sufficient time to allow proper estimating and scheduling of the work in order to deliver such production on the dates specified.

The chief scheduler will then draw up a schedule of the finished production required for each day, distributing the products for the period to best advantage, taking into account the capacities of machines, personnel in each department, dates required, etc.

A schedule of daily production requirements is delivered by the chief scheduler to each division or departmental scheduler in sufficient time ahead of the date required to allow proper routing and scheduling of materials, assemblies, parts, etc. Each scheduler then computes the amount of material, number of units or assemblies required from his department or division, each shift, or hour, in order to meet his daily schedule.

The scheduler must take into account each day any quantity of products produced either under or over the schedule for the previous day, so that he will not over-produce or under-produce his total schedule for a given period.

A daily report should be made on all defective or spoiled material or product. Copies should be forwarded to the scheduler, and to the Accounting Department. This report should give quantity, full description, point in process where materials or products become defective, and the cause. The scheduler must take all defective or spoiled material or products into consideration in scheduling the next day's production.

The scheduler, in each division or department, is responsible for the compilation and requisitioning of the material, units, etc., required for each day's production, as far ahead as the nature of the process calls for. The scheduler in each division or department will calculate an inventory of material, units or assemblies on hand in his division or department at the end of each day. The inventory on hand must at all times be taken into account and requisitions for future days adjusted where necessary, in order to have only sufficient materials to complete schedule of production.

The calculated inventory, used by a scheduler, must be verified by actual check as often as conditions warrant. In some industries this may call for an actual inventory each day of materials in process.

In scheduling contract jobs, which will be in process over a considerable period of time, it is usually best to draw up a chart for each item. This chart will show the date on which each part or sub-assembly should be started in process, to meet the main assembly at the right time in order to secure steady progress on the whole job with completion on the date specified. Materials for each section or sub-assembly should be ordered with delivery dates corresponding with the date specified to start on such part or assembly.

This chart can be drawn up in such a manner that it can afterwards be used to show the progress which is being made from day to day on each part or sub-assembly.

Daily schedules are based on the known production capacity of each machine or department. Any failure to meet a schedule must be investigated and the necessary provision made to guard against a similar recurrence.

The Chief Scheduler will review daily the actual deliveries in each department against the schedule, also the accomulated deliveries against the schedule for a given period. Each department must be required to produce, as far as possible, the exact quantity of production scheduled, and this must be checked carefully as there is usually a tendency to over-produce.

This is only a very brief outline of the method of scheduling production. The principle is usually the same in any industry, and the detail has to be built up to meet the requirements of each plant.

You should not become discouraged when you first attempt to install production control or scheduling, because difficulties will be encountered, regardless of how carefully the system may have been planned in advance. It is only by meeting these difficulties and correcting them, one by one, that a smooth-working system of production scheduling can be developed and operated.

Despatching

Despatching of material from one department to another, or from one operation to the next, is usually under the same control as scheduling. The scheduler's duties would then include the supervision of movement of units or assemblies from one operation to another, as well as to see that each operation is supplied with the necessary amount of material, units, assemblies, etc., in order to keep the operators occupied full time, and yet avoid building up large stocks of materials or partly processed products between operations.

All machine delays are reported to the chief scheduler, showing length of delay and cause. These delays are reviewed daily by the chief scheduler with each scheduler under his control, and the necessary steps taken to avoid recurrence of delays.

Where materials or products are carried on conveyors, the problem of trucking is eliminated, but the scheduler's duty becomes even more important, as he must keep the necessary materials, assemblies, etc., supplied at the various points on the conveyor, in line with the requirements which are usually determined by the speed of the conveyor. Failure to do this results in loss of production, low earnings, and relatively higher product costs.

Where movement of goods in process is handled by hand or electric trucks, the operators of these trucks are usually under the supervision of the scheduler.

In some plants each department truck their production between operations or to the next department, while in other plants all truckers are under one central supervision. This central supervision usually results in reduced cost of trucking as duties are assigned to truckers to utilize their time to the best advantage, regardless of the number of departments in which they may handle products. This should also result in a reduction in the amount of capital tied up in trucking equipment.

Finished Product Records

A control record for finished products may be built up on a form similar to the form reviewed under "Materials Control" by replacing the section "Orders and Deliveries" with "Scheduled Production" and the section "Monthly Requirements vs. Consumption" with "Monthly Production and Sales."

A record in this form should be of considerable value for estimating future production by weeks, months, or other period.

These records should also be of considerable value as they would reflect the weekly balance of finished stock on hand. This could be reviewed in relation to past sales to determine whether the stock was being depleted to the danger line or whether excessively large stocks were being built up on individual items.

General Remarks

We have endeavoured to give you a picture on this subject, taken from our actual experience.

We realise that the story may be, to a certain extent, incomplete, but we trust that this outline may be of value to those who are desirous of installing a control system, or who wish to review their present system with this outline.

We should gain valuable information from our exchange of ideas on any given subject.

Your specific questions on this subject will be welcomed at our meeting, and will be answered by members to the best of their ability. We will also welcome any suggestions which you may have to offer on this subject or related subjects.

Form 279B

ORDERS AND DELIVERIES	Approx. Cost
Date	
Req. No.	
Amount	
Schedule	
Rev. Schedule	
Date Rec'd	
R. S. No.	
Quant. Rec'd	
Invoice No.	

Form 393

Date	Unit Cost	Record Number	Rec'd or Delivered	Weekly Total	Monthly Total	Stock on Hand	Date	Unit Cost	Record Number	Rec'd or Delivered	Weekly Total	Monthly Total	Stock on Hand

A/C No. Sheet No.

Description Size or Code

Article

Form 279

Packing Capacities	Terms	Description				Size or Code
Time of Delivery from		Budget No.	A/C No.	Min. Stock	Amt.	
Date of Requisition					Days	

ORDERS AND DELIVERIES	Approx. Cost
Date	
Req. No.	
Amount	
Schedule	
Rev. Schedule	
Date Rec'd	
R.S. No.	
Quant. Rec'd	
Invoice No.	

MONTHLY REQUIREMENTS VS. CONSUMPTION

Month	Estim.	Rev. Estim.	Rev. Estim.	Last Years Consum.	Used	Year to Date	Month End Invent-ory	Month	Estim.	Rev. Estim.	Rev. Estim.	Last Years Consum.	Used	Year to Date	Month End Invent-ory
Oct.								Apr.							
Nov.								May							
Dec.								June							
Jan.								July							
Feb.								Aug.							
Mar.								Sept.							

WEEKLY CONTROL RECORD

Week Endg.	Estimate	Rev. Est.	Rev. Est.	Reserve	Used	Stock on Hand	Week Endg.	Estimate	Rev. Est.	Rev. Est.	Reserve	Used	Stock on Hand

The Progress of Our Society

By S. E. LeBROCQ,
President, Canadian Society of Cost Accountants and Industrial Engineers.

(Before Montreal Chapter, October 10, 1930.)

I HAVE considerable pleasure on behalf of the Dominion Board to welcome the industrial engineer in our membership. The industrial engineer is the practical accountant and it must be realized that, due to the increased complexity of business conditions, the problem of analyzing costs will not, in future, be a problem of the theorist. The practically trained individual will be the one whose judgment will be respected and taken cognizance of. Management to-day is looking for the best brains obtainable—accountants who can lead and guide the destinies of the industry. We trust that our association with the industrial engineers shall be mutually beneficial by the exchange of ideas, which the meetings of the Society provide opportunities for expression.

The Society

The objects of our Society are worthy of reiteration, but summed up in a few words they are, in effect, service in the interest of business enterprise by the exchange of ideas and solution of our every-day problems, and it is important that our meetings be of a high order, warranting the attention of men successful in business enterprise who should be sufficiently interested to lend their assistance and advice, in conference, in the matter of finding solutions to our individual problems.

The growth of our Society is limited only to the growth of the country. The National Association of Cost Accountants, after 10 years existence, have now a membership of some 5,000 members, with a large proportion of this membership attending conventions yearly in different parts of the country. The position we will occupy in future will be commensurate with the efforts of the present officers and members. What the N.A.C.A. have accomplished we can duplicate in proportion to the size of the country. Some of our members will most likely have read about the formation of our sixth Chapter in Vancouver. Mr. McKague has a complete report in Cost and Management, which it will be worth your while reading. This is very encouraging and not a little credit is due our worthy general secretary, Mr. McKague. He went west for personal reasons, but took advantage of the opportunity of working in the interests of the Society to that extent, which, I believe, is very commendable and worthy of appreciation.

To create interest in the Society's affairs, the directors have seen fit to offer a prize for the best paper read by any individual under 30 years of age and published in Cost and Management. Remember that the young men of to-day will be the future captains of industry. It is not only our duty, but our opportunity to encourage them and to carry on.

To encourage Chapter secretaries, the directors have, likewise, deemed it advisable to offer a prize for the best reports made on Chapter activities. Make your reports descriptive, as well as interest-

ing. Your membership looks in the Chapter section of Cost and Management for news items in respect to its Chapter's activities. Put in a little personal touch by dealing with individuals once in awhile.

Finally, and possibly the most important matter to be considered, is the question of increasing your membership and with this end in view the directors have seen fit to authorize the awarding of a trophy to the Chapter whose membership has been increased the most, taking into consideration the potential possibilities of the Chapters on account of location and so on.

The scope of our activities is limited by our revenue and this revenue can only be obtained from one source—from its members. We want to give better service, but we must have the funds to do that with.

Regional Conventions

Last week, Toronto Chapter, in conjunction with Hamilton and Kitchener Chapters, held the first regional meeting of the Society. It was very well attended, some 125-150 persons being present, and, incidentally, one representative from Montreal Chapter, Mr. Arthur Swayne. That meant a representation of four Chapters out of six. The evening was devoted to a study of the purposes of the industrial engineer and the speeches proved quite interesting and profitable. On October 29, Hamilton Chapter, in conjunction with Toronto and central Ontario, will stage the second regional meeting of the Society. We have been very fortunate in securing the services of Mr. Eric A. Camman, who will talk on his favorite subject, "Standard Costs". Mr. Camman is a partner of Peat, Marwick & Mitchell, of New York. He is an outstanding authority on the subject on which he will speak. I know Mr. Camman personally and can vouch for his ability, and I am quite sure that it would be well worth while for the members of Montreal Chapter to avail themselves of the opportunity of hearing Mr. Camman.

BE A LEADER

The BOSS drives his men; the LEADER coaches them.

The BOSS depends upon authority; the LEADER on good-will.

The BOSS inspires his fear; the LEADER inspires enthusiasm.

The BOSS says "I"; the LEADER says "We".

The BOSS assigns the tasks; the LEADER sets the pace.

The BOSS says "Get here on time"; the LEADER gets there ahead of time.

The BOSS fixes the blame for the breakdown; the LEADER fixes the breakdown.

The BOSS knows how it is done; the LEADER shows how.

The BOSS makes work a drudgery; the LEADER makes it a game.

The BOSS says "Go"; the LEADER says "Let's go".

Inventory Control

By H. LATTER,
Vulcan Iron Works, Limited, Winnipeg.

(Before Winnipeg Chapter, September 22, 1930.)

AT the outset let us consider what inventory control means, and under this head I would set out the following: Material, from the general point of view, includes raw stock, supplies, repair parts and the like, finished parts, finished stock or completed product, jobbing stock such as that purchased and carried as part of the regular stock and sold as part of a completed article. The whole placed in a division of controls under what might be generally termed, raw stock, finished stock and jobbing stock.

Inventory control or stock record accounting as it is known by some, is one of the prime requirements in any business. It has been recognized in recent years in the nature of a necessity, growing out of the dull business period since the war, which brought about keen competition and consequently the need for knowledge and control of every factor in production, in order to produce at a marketable price that which will assure the business a volume when going out to look for work.

Value of Stock Records

Stock records constitute the clearing house through which all materials flow and the most prominent uses of stock records could be summarized as follows:

They furnish a continuous or perpetual inventory of material on hand, supported by properly controlled and arranged ledger accounts. They furnish a means of recording the prices of each unit of material on hand, whereby it is possible to properly price material used, not only for accurate costing purposes, but also for furnishing accurate clearance of total value of materials used, thereby keeping the ledger inventory accounts in correct balance as representing the values of the inventory.

They form the basis for the purchasing of raw material and supplies, and for the ordering of production in the plant.

They furnish the basis for planning production in that no orders are put into process until it is known that the material required is on hand.

They furnish a safeguard against losses of valuable material, and to this might also be added, provides the auditors with a complete record for examination purposes which can be considered as more acceptable from the standpoint of something definite to check and compare, and finally the selection of items which can be questioned as obsolete or slow moving stock, which are always considered in the light of doubt as well as value.

Organization of Stores Department

Before considering the operation of stock records, the organization of a stores department will be considered.

INVENTORY CONTROL

After material and product have been received and recorded in the receiving room or department, the material is turned over to the storeroom to which it is consigned. The storeroom should be properly arranged with bins, racks or spaces to take care of the material in a systematic way, and while the organization of the storeroom will naturally depend on the size and nature of the general organization, certain features should be kept in mind in considering the placing of the storerooms in the general organization.

Every plant, if of sufficient size, should have a general storekeeper or supervisor, who has jurisdiction over all storerooms or warehouses, and each individual storeroom should be in charge of a storekeeper, who has entire control of any necessary assistants in the storeroom.

Clerical work in storerooms should be reduced to the absolute minimum and should consist only of such work as is necessary to follow out the rules in connection with the reporting of receipts, disposition of the material in the storeroom, and all details in connection with the issues of material from such storeroom.

The storerooms should not be under control of the purchasing department, as is generally supposed, but under the production superintendent, who is particularly interested from the standpoint of production and the efficiency of the production departments.

Purchasing is a department by itself, and the purchasing agent should have no interest in the storing and issuing of materials, as such details would detract his attention from the markets. On the other hand, the stock records should not be under control of the storekeeper, as it can be observed that the records of the materials on hand are a constant check on the operations of the stores department.

Stock Record Forms

Four different kinds of records are used in accounting for stock, namely: bound books, visible index cards, stock cards, and stock record loose leaf sheets. Bound books for stock records are now considered obsolete. Visible index cards are in great use today, both in what is known as the cardex system and the visible index system, but both are gradually being supplanted by loose leaf visible stock record sheets with separating sheets for main classification, which permits greater speed and permanency.

The sections of a stock record sheet usually vary according to the nature of the business, but the most common titles are: Heading, Ordered, Unit Cost, Received, Issued and Balance columns. In addition to this, some will be found calling for information such as: Minimum, Maximum, Average Unit Price, Location, etc. Along with the heading is usually shown the size, weight and any other information peculiar to the identification of the item.

Another title which has come into recognition in manufacturing plants on account of its usefulness is the head, "Appropriated". The free use of this column for items given priority for orders placed, although the material may not be required for some time hence, gives the stock department head the opportunity of "getting on guard" as to the probability of running low or out of stock, and the planning department information insuring their estimates do not contain material which they believed to be on hand.

It has been known that before the inclusion of this head in the stock records, material has been "planned for" several times, on account of the requisitions not coming through, calling for the material. Such a condition results in partly processed orders held in the production department "waiting for material", and usually a disappointment to the customer, as delivery of the finished product cannot be made on the date promised.

The "Ordered column" shows purchase orders numbers, the date the order was placed, and the quantity.

The "Received column" takes care of entries from the reports from the receiving department, after the goods are placed in the storeroom. The price being recorded later when invoices arrive.

The "Price" is the cost of each unit of each quantity received, and this unit cost should include inward transportation charges such as freight, express, cartage, parcel post, etc. It is argued by some that to this should be added a percentage for warehousing to offset the cost of the staff required to unload and place the materials in the stores. This, however, is a debatable point, and in my opinion, not good practice, as profits would be carried in stock should the stock not move. Dividends may be declared on the year's showing, and in addition, income tax would be paid on such total carried to stock during the year.

A further consideration is the location of warehouses as to that of the plant, distance would increase the percentage added for expense. I would suggest to our chairman that this subject be placed on the order paper for general discussion at some future meeting, in order that we may hear the opinions of the members in the matter.

Purchases

As stated previously, the price is recorded later when invoices arrive, and in practice I found that a discrepancy usually exists at the month end, as invoices entered by the stock department just before the close of the month would not reach the accounting department for entry until after the purchase record had been closed. In order to rectify this, a "Debit Stock Slip" was devised, which functions as follows:

The purchasing department, upon receipt of the invoices, proceeds to verify quantities, weights, prices, etc., and upon completion of this work, transfer such invoice details to the debit stock slip. They then forward the slip to the stock department for entry, at the same time forwarding the invoice to the accounting department for entry in the general books. This provides both departments with their entries at the same time, and leaves no excuse for omissions. However, should it occur that a difference does exist, a comparison of debit stock slips summary with the purchase record stock column total will immediately tell you if the matter of invoices received enter into such difference.

The "Issued column" is the credit side of the stock sheet, and entries are made in this column from requisitions, which in the case of material, come through the operating departments, whilst the finished parts are requisitioned from stock as required, by the shipper. The requisitions issued are made out in triplicate and signed by the foreman of the department. The third copy he retains for his record,

and the other two are sent to the stock record department for O.K. and any other notes they may wish to make thereon. They are then forwarded to the stockroom for issue. After the material has been supplied, the storeroom retains the second copy for their record and returns the original to the stock record department for their completion of quantity, weight, price, etc., also the book entry and recapitulation of the requisition total. The requisition then proceeds to the cost department as a charge against the order number shown.

In a number of instances, material or finished goods are required almost immediately, and it then becomes necessary to issue material by 'phone, and the securing of the requisition afterwards.

As previously stated, the requisitions are recapitulated before leaving the stock record department. This is done so that the total of same can be used in the preparation of a test control at the month end. This test control will be explained later.

Goods Returned

As excess materials are returned to the stores from the operating departments, and in this case a "material returned to stock form" is used. The accounting procedure followed in this case is, in short, the reverse to that for material requisitioned. The entry for this slip is made in the "received column".

Goods returned from customers are accorded almost the same treatment. The only difference being that the information for the stock record department is obtained from a copy of the credit note, which is handed to them by the accounting department.

We have now covered the ordering, receiving and issuing of materials and will pass on to the functions of the "balance column". The "balance column", in our particular business, is used after each entry is made, that is, we make our additions to the figures shown as goods are put to stock, and likewise make our deductions as materials are taken out. By this method we have gained many advantages, the main one being that our city order clerk, in receiving an order by 'phone, can refer to our stock records and ascertain the quantities on hand at that time, thereby assuring our customer that his requirements can be satisfied, instead of calling back later and making apologies for being out of stock. Another advantage we have gained is the speed with which the stock record balances can be taken off immediately after the close at the month end, and the slight interruption to routine. The "balance column" shows quantity, weights and value, and each of these is checked for correctness.

A Test Control

We next become concerned with the accuracy of the book work done, and in order to prove this, the summaries of the various slips previously referred to are gathered together at the month end in what we term a test control. To the inventory at the beginning of the month the total of the various debits are added and the total of the various credits are then deducted, the result giving us a figure which should agree with the sum of the listings of the record balances.

The summaries of each of these items then becomes vouchered for the accounting records, and being into agreement the actual material controls carried in those records, the opposite entry producing a tie-in with the cost department.

There is much more that can be said in regard to "Inventory Control", but in the short notice given, I was only able to prepare an outline of a suggested system to effect control, and only bear occasionally on the subject of operation.

It is well known that various systems of inventory control are in use, some of which are good, others very bad. It is past the time when a uniform system of inventory control should be understood, and I earnestly hope that the efforts of the Society will be centred in bringing this about, as this in itself would be a great asset to those interested in cost accounting.

THE TREND OF PRODUCTION COSTS

THE downward trend of commodity prices continued pronounced to the end of September at least. The Dominion Bureau of Statistics index number declined from 84.1 at the end of August to 82.5 at the end of September. This means that average prices have got down to 82.5 per cent. of their 1926 level. The following is a general comparison:

	Sept. 1929	August 1930	Sept. 1930
Foods, beverages and tobacco	103.7	88.0	87.8
Other consumers' goods	90.8	85.7	85.7
All consumers' goods	96.0	86.6	86.5
Building and construction materials	99.6	87.8	86.8
Manufacturers' materials	99.3	76.7	72.6
All producers' materials	99.4	78.7	75.2
Producers' equipment	94.7	91.3	91.3
All producers' goods	98.9	80.0	76.8
All commodities	97.8	84.1	82.5

The most pronounced decline is in manufacturers' materials, which a year ago were practically unchanged from 1926, but are now down to 72.6 per cent. These materials include grains for milling, cotton and wool for the textile industries, metals, chemicals, etc. Equipment is more stable, but including all materials and equipment, the average for producers' goods is down from 98.9 last year to 76.8 this year. All commodities, wholesale, stand at 82.5, while an index number of retail prices is 98.1 per cent. of 1926. It is clear that some time is required for the drop in materials to work through to the consumer.

The most important declines in September were in the following: grains, canned fruits, flour and milled products, vegetable oils, furs, raw cotton and silk hosiery. Advances of importance were recorded by: hides and skins, fats, and eggs.

Labor supplies are plentiful, even to the extent of serious unemployment, but standard wage scales have mostly been maintained. There were eleven strikes or lock-outs in Canada in September, all of them commencing in that month. Nine of these disputes were terminated in September, two being in favor of the workers, two in favor of employers, two partially successful, and three compromised. Two disputes carried over into October were with coal miners at Springhill, N.S., and with bakery drivers at Saskatoon.

A Premier's View of Accounting

By HON. L. A. TASCHEREAU,
Premier, Province of Quebec.

(Before Montreal Chapter, October 10, 1930.)

(As reported in The Montreal Star.)

IT is a great pleasure for me to meet the accountants, for I feel that, in some respects, I belong to your profession. If any of you has had the misfortune of being a political man, you should know that now and then, more often than we could wish, we have to do some accounting of our own, some call it of our good stewardship, others of our misdeeds, to a tribunal prone to look at the debit side of the ledger, but forgetful, sometimes, to turn the page and sum up the assets. But, of course, this most unsatisfactory mode of accounting does not apply to the Province of Quebec. If you ask me to whom I refer, my answer will be that I am your guest tonight to have a good dinner and enjoy your company, but . . . not to be cross-questioned!

You will admit that it is a truism if I tell you that your profession is one of the most useful in our modern commercial and industrial life and essential to every provincial and municipal government. I may even venture to add that a farmer cannot be successful in his calling unless he knows, by an accurate accounting, where he stands. How can one be honest in his income tax returns unless he has some knowledge of accounting and even if he is just a fair accountant? I am informed on reliable authority that mistakes do occur!

My respect for your profession is such that I am going to tell you a secret, and if there are here some of these alert and inquisitive newspapermen I would ask them to shut their ears and drop their pencils for a few moments.

Accountant Chosen As Provincial Treasurer

I am sure that you all feel as sorry as I do, when I tell you that my very good friend, the Provincial Treasurer, Hon. Mr. McMaster, through ill health, has decided to withdraw from the treasuryship. As the head of the government and as a close friend of Mr. McMaster, it is with the deepest feelings of regret that I am bound, upon his insistence and on the advice of his doctor, to accept the resignation of my colleague. He was with us less than one year, but in these few months of intercourse he became the friend of every member of the Legislature, for a more genial, hard-working, sympathetic and successful financier could not be found. I earnestly hope that his health will be restored and at a later date he will again play his part in our social and political life.

Mr. McMaster has, therefore, to be replaced, and I must find a man who will be a successful treasurer and a worthy representative of the English-Protestant element in our government. Please do not run away, I shall not talk politics.

We are sometimes reproached with always placing our provincial chest into the hands of a lawyer.

Of course, lawyers are all-round sports, good for any job, just like accountants.

But, when I get in for some blame, I always try to do better, and in this instance I have thought that I might call on your profession and pick up a treasurer among your ranks.

I shall not say who my choice will be, so that each of you, on retiring tonight, may tell the wife and feel that there is something in store for him. There is, however, one condition essential to this deal, and that is that the good electors of Huntingdon ratify my choice when called upon to choose a candidate. The majority of the electors of this county are English-Protestant. I offer them one of their own, I offer them the treasurer of the province, and if this is not enough, I offer them an accountant. Surely this last qualifications is enough to render him acceptable and make his return safe.

It is perhaps not within my province to cover the whole field of your activities; you know better than I do the part that is being played by you in our commercial and industrial life. No one can be a successful business man unless he knows where and how he stands, and this information he gets from the accountant. I am afraid that in our province, trade and industry, I am referring specially to the smaller concerns, do not attach to their accounting department the importance which it deserves. They manufacture goods, they buy and sell, but the balance sheet is seldom accurately struck, and this goes on for years until the business man is called to his reward or comes under the banruptcy act, very often to his great surprise.

In these days of business depression, almost every day I receive the call of job seekers; many of them were accountants in a business firm, but have been discharged on account of the hard times. I believe that the accountant is the last man to be dismissed, and we can trace very many business failures and disasters to the lack of a proper bookkeeping and accounting system and to the absence of a qualified bookkeeper and accountant.

Public Accounts

But there is one field in which, I trust, I may be permitted to speak with some knowledge and, perhaps, authority: it is in regard to school and municipal bodies.

Within the last few years our government has been sparing no efforts to induce these public bodies to have a proper system of bookkeeping and to submit to the inspection of qualified accountants. I know of any number of municipalities whose lives have been imperilled and in some cases ruined through the lack of such a system.

We have tried to impress upon the municipalities the necessity of having a uniform system of bookkeeping and to submit to a regular inspection. Our first attempts were difficult, but I am glad to say that in a large measure we have been successful. We have now in our department of municipal affairs a set of men, fully qualified, who are at the disposal of the municipalities to guide and instruct them and

to make an audit of their affairs. The province meets all the expenses connected with this work and I believe that our plan has added immensely to the credit of the municipalities. Unfortunately, our men are sometimes called too late, when the case is almost desperate or when the secretary-treasurer has become a resident of Mexico.

May I ask you to co-operate with us in this educational work, which I deem essential to the credit and success of our public bodies.

I have, at the outset of my remarks, referred to our farmers. I repeat that a tiller of the soil can be a successful farmer only if he knows where he stands and keeps an account of his revenue and expenditure. In these days of keen competition, of business methods, the old system of the "bas de laine," the woollen stocking, or the chest drawer where the money is thrown indiscriminately has passed. A farmer should know accurately what pays and what does not pay, how much his farm costs him, he should interest his sons and daughters by paying them fair wages, he should ascertain what his overhead is, and all this can only be done by a proper accounting, perhaps simple, but accurate enough to make the situation clear.

Here, again, I call on you to become apostles of rural bookkeeping.

Women Accountants

There is one other subject with which I shall deal briefly. I know that I shall be skating on thin ice and perhaps expose myself to some broadsides from certain quarters which, I trust, will not be fatal.

Last year a bill was introduced in the legislature allowing women to become full-fledged chartered accountants. We were somewhat surprised to find that the demand came, not from the ladies, but from the Association of Chartered Accountants themselves. Had they been pressed into line by the fair candidates, or did they, anticipating from us a fatal issue, let the matter go? The bill was silent on this point. The legislature said no, and we came in for much criticism, at which the gallant members of the House could not remain undisturbed. I wish to state at once that women play today in the business and commercial world such a prominent part that very few will dispute the ability of many of them to join the profession and exercise it successfully.

But that is not the point, and I believe it may be useful to tell the reasons by which the members of the legislature who opposed the bill were prompted to take that stand.

In my opeing remarks I have laid stress on the importance of your professions in our modern business world. How many shareholders of companies, public investors and financiers, will form their opinion on the soundness of a deal or the position of their business on the report of an accountant? In a great many instances the report of certificate of a chartered accountant is conclusive, the audit by a chartered accountant is also very often made imperative by law. If a woman becomes a chartered accountant, with all the rights and privileges attached to the profession, if her O.K. bears the same weight as that of a man who has spent a lifetime in the intricacies

of bookkeeping and business operations, do you believe that your profession will have the same standing in the business community? Will bankers and the public generally accept as equally accurate a bank statement certified to by a man or woman however competent she may be?

Can a woman discuss, with the same authority as a man, with the manager of a big concern, the figures, entries and generally the business that an accountant is called upon to certify?

Can a woman, called upon as a witness to explain and defend, in the witness box, an extricate report, stand the stress for days and perhaps weeks as a man will?

Can a woman impress and convince the heads of a big concern of the inaccuracy of their figures and entries, however competent again she may be?

Business View of Accounting

In other words, to be a competent accountant, one must not only be versed in figures, but one must necessarily be a good business man, with practical business experience which, as a rule, is only acquired by men after years of hard work. There may be exceptions, but we are not dealing with exceptions.

It is for you to say if the entry of women into your profession will add to its strength and prestige.

There may be another reason that impressed the legislators when they closed the door of your profession to women.

We were told that your profession was getting overcrowded and that so many bookkeepers and accountants, most of them heads of families, had been discharged on account of hard times and business depression, that these men should be given the chance to not have too many competitors. I am giving you this reason for whatever it may be worth, but one never knows what will impress or convince legislators.

But I must not overlook the fact that I am also addressing a very interesting body of men: the industrial engineers.

I have no advice to give to them, for I know that they can take good care of themselves, but, in my opinion, they are ranking among the greatest builders of Canada and especially of the province of Quebec. A kind Providence has blessed us with immense natural resources, a large portion of which is still awaiting their development. Power, engineering skill, good labor and markets are the chief factors of industrial expansion. I have no hesitation in saying that Quebec possesses these four elements of success and a bright future is in store for us.

But, I pray, no pessimism. This word should be unknown in a young, rich and happy country such as ours. And why should we be pessimists?

Evidences of Country's Growth

It is true that we are passing through a period of hard times, but it is world-wide, and, after all, who will deny that Canada is one of the least affected countries? True again, Quebec is feeling the pinch, but only yesterday an important manufacturer was telling me that

our province is the only one, of all the sister provinces, where he experienced no decrease in his business.

I believe that the engineering world is the most prosperous one with us, and the merry work of harnessing our water falls goes on merrily.

May I be permitted to quote a few figures. I know that figures are at the foot of the lists of the "pousse-cafes," but I shall be short.

During the fiscal year 1929-1930 we find the following additions in our province to the electric power already developed: Gatineau Power Company, 83,000 H.P. The same company also completed a transmission line from Paugan Falls of 220,000 volts and another one of 110,000 volts between Gatineau and Hawkesbury.

The Shawinigan Water & Power Company has commenced the construction of a big storage dam on the Mattawin and installed an additional unit of 43,000 H.P. at Shawinigan Falls. Another development of 160,000 H.P. is under construction at Rapide Blanc, on the St. Maurice, which will later be carried to 240,000 H.P. The same company has also built a transmission line of 220,000 volts from Shawinigan to La Tuque and from Quebec to Thetford Mines.

The Montreal Island & Power Company has completed its works on Riviere-des-Prairies, in all 72,000 H.P., at a cost of $10,000,000. The city of Sherbrooke has developed 5,800 H.P. on the St. Francis at Westbury, and the Southern Power 2,000 H.P. on the Negro stream.

The Alcoa Power Company has continued its works on the Saguenay, including a power house of 260,000 H.P.

May I add the stupendous works at the Beauharnois Canal, a marvel of engineering skill, at a cost of over $50,000,000 when completed, and also James MacLaren Company, on the Lievre, about 120,000 H.P. at a cost of $8,000,000.

The fiscal year 1930-1931 will be equally busy. I shall mention the Chat Falls development, 220,000 H.P. at a cost of $18,000,000. La Gabelle, by the Shawinigan Water & Power Company, 30,000 H.P. Fifteen hundred men are now at work at Rapide Blanc. I am also informed that the James MacLaren Company will commence a big development at Masson of 120,000 H.P. and costing $8,000,000.

All these wonderful works are undertaken by men of vision and who know that they will have returns for this investment. They are no pessimists!

They have faith in this country and in their Province. Let us share their optimism.

True, clouds have sometimes darkened our sunshine; they will pass and roll away.

Let us have faith and confidence in our future. I know of no manufacturer or captain of industry who has improved his business by preaching blue ruin and desperation.

Let us be optimists. In concluding, I pay homage to the genius and skill of our Canadian engineers who have conceived and executed all these wonderful works which our fathers have not even dreamed of.

More staggering things are in store and will be witnessed by our sons. These things are probably undreamed of by the man of today; they will come true in a still dim but near future.

TWO REGIONAL MEETINGS OF GREAT SUCCESS

By W. A. McKague, General Secretary.

TORONTO, Hamilton and Central Ontario Chapters of our Society, being near neighbours, got together to open the 1930-31 season with joint or regional meetings. These Chapters have done some friendly visiting before, on a small scale, but on these two occasions the movement increased to what we may call friendly competition. General conventions of the Society were tried out in Toronto in 1926 and in Montreal in 1927, but the conclusion then reached was that distance and expense were too great to permit of really national gatherings for some time to come. The regional conferences, as staged this year in Toronto and Hamilton, have proved entirely successful.

The Toronto meeting on October 1 was an evening dinner, the object being to give our members—who up to the present have mostly been cost accountants—a clear idea of just what the industrial engineer is and what he does. Harry F. Wilson, of Kitchener, and R. W. Doering, of Hamilton, accomplished this most successfully, Mr. Wilson speaking more particularly as an industrial engineer, and Mr. Doering speaking as a production superintendent concerned with all problems of production efficiency. R. E. Love, of Hamilton, sketched some points about costing. Mr. Wilson's address was printed in our October number, and we hope to have something from both Mr. Doering and Mr. Love later this season.

The attendance at the Toronto dinner was 113, practically all members, and the attendance of actual members at this meeting was probably greater than at any previous meeting of the Society, the good Toronto turnout being swelled by large delegations from Hamilton and Central Ontario. President LeBrocq spoke briefly about the work of the Society. R. Oaten, chairman of Toronto Chapter, occupied the chair.

While the Toronto meeting was over-crowded, the Hamilton meeting was swamped out with attendance. Our Hamilton officers and members certainly went the limit in their preparations. The afternoon events at Hamilton, consisting of a series of plant visits for those athirst for knowledge, and a game of golf for those who work when they work and play when they play, were well attended. About 25 members took in the plant visits, which covered Mercury Mills, Ltd., Hoover Co. of Canada, Ltd., and Dominion Glass Co., Ltd., while about the same number attempted to cover the Burlington Golf Club. Golf prizes were distributed in the evening.

The big drawing card at Hamilton, however, was certainly the dinner at the Royal Connaught Hotel and the address by Eric A. Camman, C.P.A., of Peat, Marwick, Mitchell & Co., New York. Mr. Camman is one of the outstanding authorities on "Standard Costs" and this was the subject of his address. The subject has already been discussed at several of our meetings, but it is obvious that our own advocates of standard costs have not by any means sold the idea to many of our members. Mr. Camman's exposition of the subject was stated by some of those present to be the best they had ever heard, and yet the subsequent discussion brought questions and criticisms

as well as support. The ability of Mr. Camman and his courtesy throughout the discussion left a most favorable impression on all who were present. We hope that he enjoyed the meeting as well as we did, and we look forward to having his material in print at an early date.

G. E. F. Smith, C.A., chairman of Hamilton Chapter, opened the meeting, and his witty remarks evidently awakened by-paths of thought, for the serious points expressed by Mr. Camman and by those who took part in the discussion were well interspersed with humor. Then Mr. Smith turned the chair over to President LeBrocq, who appropriately introduced Mr. Camman. Among those who took part in the later discussion were H. E. Guilfoyle, F.C.A., vice-president of the Society; G. Earnshaw, of Guelph; K. A. Mapp, F.C.A., of Toronto; R. E. Love, of Hamilton; G. A. Phare, of Toronto; W. M. Lane, of Toronto, and J. P. Bell, of the Canadian Bank of Commerce, one of whose stories will never be forgotten.

The Hamilton attendance broke the Toronto record, including the Hamilton membership of 60 in almost full force, about 40 from Toronto, and about 15 from Central Ontario, so there were about 115 members present, also welcome delegations from Buffalo and from Canton, Ohio, and a large number of prominent business men of Hamilton who had been invited for the occasion. The total attendance was 180. So far as records are available, this number has been exceeded in the history of the Society only by the opening and closing dinners for which Montreal Chapter has become noted, on which occasions the Montreal membership is swelled by large numbers of invited Montreal business men.

TRY THE RUBBER SOLUTION

THE old-fashioned method of engraving monuments and other stone work by hand-chiselling is giving way to an adaptation of sand blasting. The stone surface is covered with a coat of rubber compound and the letters or pattern are cut out of this rubber coating, leaving a kind of rubber stencil over the stone. The sand blast is then directed over the stencil and the hard stone is cut away by the thousands of tiny grains of sand as they bombard the surface, but the rubber is unaffected.

The hard stone resists the bombardment and is worn away, but the rubber yields just the tiniest bit a hundred thousand times and more, and comes up undamaged.

The reason why the stone is cut may be expressed in a word—friction, and the reason why the rubber is not, is the absence of it.

Here is something worth thinking about. A little more rubber and a little less stone in our dispositions would save us a lot of damage. A little more patience and a little less irritability, a little more of the other fellow's point-of-view and a little less selfishness, a little more politeness and a little less discourtesy—all of these are rubber in our dispositions. There is a very true old saying that if we look for trouble we shall find it. With a little more rubber in our dispositions we should avoid it altogether. We might say that the rubber solution presents the only puncture-proof way of living.

When we think of the number of jolts and jars saved every day by rubber, we cannot help but feel there is a little more in this business than meets the eye.—From The Wingfoot Clan.

IS STEADY PRODUCTION THE BEST?

IN contrast to the usual belief that steady activity is best for industry, are some views in a statement given by J. R. J. Magor, president of the National Steel Car Company, Ltd., to The Financial Times. We quote as follows:

Mr. Magor said that, in the light of the method followed by the railroads in granting equipment contracts, the regular fiscal year of the car companies was altogether too short a span to properly reflect the actual cycle of business. "It is the custom to make early accounting," he added, "but a true picture is not reflected in such a small mirror." Elasticity of operation is instanced as the redeeming factor for expenditures can be readily controlled and adjusted.

Mr. Magor believes that intermittent operation is more advantageous and efficient in the end than continuous business on a normal basis. His specific reasons for this conclusion are that periodical slowdowns in equipment plants prevent humdrum, uninspired output. "Possible improvements, economies and increased efficiency are not always apparent in a normal plant of continuous operation," he said, "because the organization gets accustomed to regular routine. On the other hand, managements of plants not on full production basis are constantly on the lookout for beneficial changes."

When prevailing conditions and slackening business occasion a close down, attention is focussed on the problem of reducing overhead as much as possible, and the opportunity is provided for a general overhauling of every machine in the plant. Periods of apparent idleness, therefore, are periods of activity in preparation for intensive producton later on.

Comparatively, equipment companies receive only a few large orders at periodic intervals. Nevertheless they are in as advantageous a position, if not better, than most business organizations that have, proportionately, a large number of customers and comparatively small orders. Equipment requirements are basic essentials, while others are not difficult to dispense with or economized on by individual buyers.

Losses through bad debts, Mr. Magor said, are practically out of the question. The element of inventories also proves a most important factor in the successful functioning of their business. Raw materials are purchased only against specific orders. There is no shrinkage in revalue, and no money tied up in carrying stock.

The manner in which the railway companies place their orders cannot be described as an adverse condition, Mr. Magor continued. "Companies receiving these contracts are as attractive from an investment point of view as other organizations which are acknowledged to be out of the so-called "feast and famine" class. I am quite confident that an analysis of both categories will reveal the fact that as many of the latter type are as prosperous and successful over a period as the average continuous production plants."

Enlarging on the idea that the recognized 12 months' fiscal period was insufficient for a true picture of business actually transacted but not completed during that time, Mr. Magor said that units of days gone by were smaller compared with conditions existing to-day, and that therefore there was a need for a broader view of operations. "Fewer persons meant business cycles of shorter duration. To-day the economic machinery is so ponderous and large in view of the larger number of people catered to that this enormous body revolves correspondingly slower."

CHAPTER NOTES

MONTREAL

H. W. Blunt, C.A., Secretary.

The opening dinner of the 1930-31 session was one of the most successful and best attended in the history of Montreal Chapter. The date, Friday evening, October 10th—the place, the Rose Room of the Windsor Hotel—and the guest of honour, Premier Taschereau, of the Province of Quebec.

Two of the Chapter's most popular officials, Mr. Lorenzo Belanger and Mr. G. C. Leroux, arranged innovations for this occasion which were much appreciated. They were a broadcast through the courtesy of Station CKAC, La Presse, and a cabaret presented by the artists of Au Matou Botté, a French cabaret.

The premier meeting offered an excellent opportunity of meeting the Premier, and this fact probably explained to some extent the popularity of the reception committee's rendezvous, the Blue Room. Another equally satisfactory explanation was discovered in the generosity of the vice-chairman, Mr. J. P. Masterson, which provided an even more satisfying excuse for lingering within its precincts.

Distinguished statesmen, learned professors, eminent bankers and famous captains of industry gathered at the head table with the chairman, that genial man of steel, Mr. G. T. Bowden. Among the distinguished guests present were: Premier Taschereau of Quebec; George Gonthier, C.A., Auditor General; F. Philie, city treasurer; Professors R. R. Thompson, Wm. Caldwell and J. A. Coote, of McGill University; Professor Lucien Favreau, of School of Higher Commercial Studies; Senator F. L. Beique, president, Banque Canadienne Nationale; H. M. Jacquays, vice-president, Steel Company of Canada; W. A. Eden, president, Dominion Rubber Company; R. O. Sweezey, president, Beauharnois Power Corporation; Dr. Victor Doré, chairman, Catholic School Board; Dr. Edouard Montpetit, of University of Montreal; Col. Wilfrid Bovey, director of Extra Mural Relations, McGill University; S. R. Campbell, president, Quebec Society Chartered Accountants; Edouard Gariepy, vice-president, Chambre de Commerce; Alderic Raymond, vice-president, Windsor Hotel; D. C. Tennant, Montreal chairman, Engineering Institute of Canada; H. Crabtree, vice-president, Howard Smith Paper Mills; L. P. Lortie, president, Corporation of Public Accountants; K. G. Pendock, president, Montreal Branch General Accountants Association; J. K. Schofield, president, Canadian Credit Institute, and J. A. Yates, president, Chartered Institute of Secretaries. A truly representative assembly of commerce and industry, education and finance!

The chairman, in his introductory remarks, stated that he intended this evening reversing the usual procedure of introducing the speaker to the Chapter. He then called on Mr. Lorenzo Belanger to

introduce Montreal Chapter to the Premier. This Mr. Belanger did in his usual eloquent manner by briefly outlining the history, aims and accomplishments of the Chapter.

Prefacing his address with the announcement that the resignation, due to ill health, of the provincial treasurer, Hon. A. R. McMaster, had been accepted, Premier Taschereau proclaimed the nomination of his successor from the ranks of the accountants of the Province. He stated further that this accountant would be the Liberal candidate in the County of Huntingdon, but he refused to divulge his name.

Continuing, the Premier urged the co-operation of all accountants in the educational work being carried on to impress upon municipalities the necessity of adopting a uniform system of bookkeeping. Then declaring he "was skating on thin ice," he explained the reasons the government voted against the bill introduced into the legislature last winter allowing women to become full-fledged chartered accountants. In conclusion, he appealed to his hearers not to heed the cries of "blue ruin," to have faith in the Province, and to be optimistic. Professor R. R. Thompson moved the vote of thanks to the speaker for his excellent address.

Following the Premier's address, the honorary treasurer, Mr. G. H. Houston, read an address from Mr. S. E. LeBrocq, president of the Society, who was unable to be present at the dinner. Other speakers listened to with interest were: H. M. Jacquays, Dr. Montpetit, Col. W. Bovey, S. R. Campbell and W. A. McKague.

One of the most enjoyable features of the evening was the entertainment provided by the artists of the cabaret "Au Matou Botté". Although every number was excellent, the dancing of two of the artists won unanimous approval and appeared to be the most appreciated by the men of figures assembled.

The only other feature necessary to ensure an entirely successful dinner was provided through the courtesy of one of the leading tobacco companies in the city—cigarettes. And were they enjoyed—two hundred and fifty members, guests and friends thank this company whole-heartedly for its much appreciated generosity.

CENTRAL ONTARIO

C. J. Heimrich, L.A., Secretary-Treasurer

Central Ontario Chapter in October took part in the joint meetings held in Toronto on the 1st and in Hamilton on the 29th, and these meetings are covered elsewhere in this issue.

HAMILTON

A. E. Keen, C.A., Secretary-Treasurer

Hamilton Chapter in October took part in the two joint meetings, in Toronto on the 1st and in Hamilton on the 29th, and these meetings are covered by a special review in this issue.

TORONTO

E. W. Carpenter, Secretary

For the session of 1930-31 the Toronto Chapter have adopted a new procedure for the holding of their meetings. Papers are prepared previously by the authors, printed and placed in the members' hands one week prior to holding of dinner meeting. At the conclusion of dinner the entire meeting is thrown open to general discussion on paper already distributed to members. At regular chapter meetings there is no presentation of papers. The plan has much in its favor and is meeting with the general approval of the Toronto Chapter as expressed by the attendance and the spirited discussions.

B. W. Lang, Assistant Comptroller of the Goodyear Tire and Rubber Co. of Canada Limited, and his associates, presented a paper on the subject of Inventory Control and Production Scheduling at a Chapter meeting held on October 15th at the Carls-Rite Hotel.

The paper covered splendidly a subject of vital interest to all members and guests, and those present certainly took advantage of the opportunity of perusing the paper beforehand and presented a volley of questions which were handled admirably by Mr. Lang and his associates.

The Toronto Chapter is indebted to Mr. Lang and his associates for their handling of the subject and their hearty co-operation. Thanks, Mr. Lang.

Joint meetings with Hamilton and Central Ontario Chapters, on October 1 and October 29, are reviewed elsewhere in this issue.

WINNIPEG

T. E. Saul, C.A., Secretary-Treasurer

Winnipeg Chapter held one meeting in October, on the 20th, which was addressed by G. S. N. Gostling, of Western Sales Book Co., Ltd., on "Sales Book Production Costs."

VANCOUVER

R. V. Kirkby, Secretary-Treasurer

Vancouver Chapter of the Society is now successfully organized, with a membership of 36, representative of important industrial concerns and some of the firms of professional accountants in British Columbia. A program of meetings for the season is nearly completed.

The first regular meeting was held on October 14, at the Hotel Vancouver. The topic, "The Relation of Cost Accounting to Business Management," was ably handled by R. B. W. Pirie, C.A., and his address was supplemented by an active discussion in the course of which Mr. Pirie added further practical points.

Chapter Programs

1930-31

All members are reminded that they are first of all members of the Society as a whole, and are welcome at all Chapter meetings. The season's programs of the various Chapters are reproduced herewith for the information and convenience of members. The Vancouver program has not arrived at date of publication, but will be printed later.

MONTREAL

1930

Oct. 10—Opening dinner. Speaker: Hon. L. A. Taschereau, K.C., LL.D., L.L.L., M.P.P., Premier of the Province of Quebec.

Oct. 23—"Difficulties Arising in the Installation of Cost Systems," by L. N. Buzzell, B. Com., C.A., Clarkson, McDonald, Currie & Company.

Nov. 6—Visit to Granby, Que., inspection of plants of the Empire Tobacco Co., Ltd., Granby Elastic Web Co. Ltd. Speakers: Prof. R. R. Thompson, A.C.A., C.A.; L. N. Buzzell, B. Com., C.A.; Paul E. Dufresne, Wilson & Fessenden, "The Advantages of Cost Accounting and Industrial Engineering to the Manufacturer."

Nov. 20—"The Scope of Industrial Engineering in Industry," by Harry F. Wilson, Wilson & Fessenden, Industrial Engineers. "The Beauharnois Development," by Rielle Thomson, Advertising Manager, Beauharnois Power Corp., Ltd.

Dec. 4—"Costs and Distribution of Overhead in a Departmental Store," by A. E. Walford, C.A., L.I.A., Secretary-Treasurer, Jas. A. Ogilvy's Ltd.

1931

Jan. 22—Mid-season dinner. "Canada and Its Railways," by Lieut.-Col. Thomas Vien, K.C., B.A., L.L.L., M.S.C., Deputy Chief Commissioner, Board of Railway Commissioners, Ottawa.

Feb. 5—"Costs Relating to Agricultural Products," by C. D. McCaig, Asst. Auditor of Disbursements, Northern Electric Co., Ltd. "The Production of the Modern Newspaper," by J. S. Miller, A.C.I.S., Secretary-Treasurer, Gazette Printing Co., Ltd.

Feb. 19—"Inventory Control," by Arthur A. Swayne, District Chief Clerk, The Steel Co. of Canada, Ltd.

Mar. 5—"Net Profits—the Ultimate Objective," by S. E. LeBrocq, Comptroller, The Steel Co. of Canada, Ltd.

Mar. 19—"Road Construction and Maintenance Cost Data," by Alex. Fraser, Chief Engineer, Roads Dept., Quebec.

Apr. 9—Annual dinner. Speaker and details to be announced later.

TORONTO

(Speakers and other details announced by notices to members.)

1930

Oct. 1—"Scope of Work of the Cost Accountant and that of the Industrial Engineer."
Oct. 15—"Inventory Control and Production Scheduling."
Oct. 29—"Standard Costs"—Joint meeting in Hamilton.
Nov. 12—"Adjusting Burden Rates to Varying Conditions."
Nov. 26—"Net Profits—the Ultimate Objective."
Dec. 10—"Practical Application of Cost Data to Production Management."

1931

Jan. 7—"Time Study Standards."
Jan. 21—"Selling and Distribution Costs."
Feb. 4—"Standard Costs."
Feb. 18—"Cost Studies on Proposed Changes in Processes."
Mar. 4—"Interesting Factory Staff in Costs."
Mar. 18—"Development of Line Production."
Apr. 1—"Handling Material or Product by Mechanical Methods."
Apr. 15—"Wage Incentives."
Apr. 29—Annual dinner.

HAMILTON

1930

Oct. 1—First joint regional meeting, Carls-Rite Hotel, Toronto, 6.30 p.m. Speakers: H. F. Wilson, Wilson & Fessenden; Russell Love, The Hoover Co., Ltd.; R. W. Doering, Frost Steel & Wire.
Oct. 29—Second joint regional meeting, Royal Connaught Hotel, Hamilton. Registrations from 12.30 p.m. Speaker: Eric A. Camman, Peat, Marwick, Mitchell & Co., New York.
Nov. 5—"Industrial Relations," by R. W. Doering, Frost Steel & Wire.
Nov. 19—"Interpretation of Business Statements," by H. E. Guilfoyle, F.C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash, Toronto.
Dec. 3—"Wage Incentives," by R. K. Williams, The Sherman Corporation, Canada, Ltd.
Dec. 17—"Inventory Control," by H. S. Jensen, Procter & Gamble Co. of Canada, Ltd.

1931

Jan. 14—"Industrial Engineering and Its Relation to Standard Costs," by J. E. Goudey, Canadian Cottons, Ltd.
Jan. 28—"Industrial Relations," by D. C. Patton, Sangamo Electric Co. of Canada, Ltd.
Feb. 25—Subject to be announced later. Professor Gilbert Jackson, University of Toronto.
Mar. 11—"Sales Statistics," by L. E. Hubbard, International Business Machines Company, Limited.
Mar. 25—"Members Problems," by H. M. Ross, Mercury Mills, Ltd., and A. J. Mouncey, The Norton Co. of Canada, Ltd.
Apr. 8—Annual dinner. "Budgetary Control," by E. S. La Rose, Bausch & Lomb Optical Co., Rochester.

CENTRAL ONTARIO

1930

Oct. 1—Toronto. (Joint meeting of Toronto, Hamilton and Central Ontario Chapters.) Harry F. Wilson, Wilson & Fessenden, Kitchener, "The Industrial Engineer"; R. W. Doering, Frost Steel & Wire Co., Ltd., Hamilton, "Production Problems"; R. E. Love, The Hoover Co. of Canada, Ltd., Hamilton, "The Cost Department."

Oct. 29—Hamilton. (Joint meeting of Toronto, Hamilton and Central Ontario Chapters). Eric A. Camman, of Peat, Marwick, Mitchell & Co., New York, "Standard Costs."

Nov. 20—Guelph. (Dinner 6.30 at Guelph Garrison Club, Guelph Armouries. Plant visit 3.30 p.m., Guelph Carpet & Worsted Spinning Mills Co., Ltd.) S. E. LeBrocq, Comptroller, The Steel Co. of Canada, Ltd., Hamilton, and President, Canadian Society of Cost Accountants & Industrial Engineers, "The Work of Our Society." G. E. F. Smith, C.A., of Richardson, Smith, Ferrie & Co., Hamilton, Chairman, Hamilton Chapter, "Budget Control—How to Get Started."

Dec. 11—Kitchener (8 p.m., City Hall). Discussion, Chapter Members, "Inventory Control."

1931

Jan. 15—Kitchener. (8 p.m., City Hall.) J. W. Spence, Canadian Kodak Co., Ltd., Toronto, "Labor in Relation to Cost Manufacture."

Feb. 12—Kitchener. (8 p.m., City Hall.) R. E. Love, The Hoover Co. of Canada, Ltd., Hamilton. "Standard Costs."

Mar. 12—Galt. (8 p.m., office of Babcock-Wilcox & Goldie-McCulloch, Ltd.) Annual meeting. T. S. Jardine, United Drug Co. of Canada, Ltd., "Losses and Intangibles in Costs."

Apr. 9—Kitchener. Annual dinner. T. Norman Dean, M.A., M.S., Workmen's Compensation Board of Ontario, "Workmen's Compensation As An Item of Costs."

WINNIPEG

1930

Sept. 22—"Inventory Control." General discussion opened by H. Latter, Vulcan Iron Works, Limited.

Oct. 20—"Sales Book Production Costs," by G. S. N. Gostling, Western Sales Book Co., Ltd.

Nov. 17—"Budgetary Control." G. S. Curry and Mr. Lloyd Thomson, of the Great West Saddlery Co. Limited, will lead a general discussion on this subject.

Dec. 15—"Inventory Control in the Motor Industry" by G. R. Beedie, General Motors Products of Canada, Limited.

1931

Jan. 19—"Some Aspects of Hydro Electric Operations" by F. J. Malby, City of Winnipeg Hydro-Electric System.

Feb. 16—"Foundry Castings and Their Cost," by F. J. Manning, Manitoba Steel Foundries, Ltd.

Mar. 16—"Practical Application of Cost Data in Production Management." General discussion opened by Mr. E. J. Burleigh, Manitoba Rolling Mill Co., Limited.

Apr. 20—"Accounting in Relation to Fire Loss Adjustments," by S. F. Cross, Brewster, Cross, McLaws & Sterling.

May 18—Open date. Subject and speaker to be announced later.

NEW MEMBERS

The following are new members of the Society:

Toronto Chapter

*Black, E. J., C.A., Welch, Campbell & Lawless, Toronto.

Montreal Chapter

Benoist, J. P., 477 St. Francois Xavier St., Montreal.
Currie, D. G., Brandram-Henderson, Ltd., Montreal.
McKeyes, C. B., Dominion Rubber Co., Ltd., Montreal.
McLean, F. S., Miner Rubber Co., Ltd., Granby, Quebec.
Peddie, D. B., Shawinigan Engineering Co., Ltd., Montreal.

Vancouver Chapter

*Baird, G. R., Fraser Valley Milk Producers' Association, Vancouver.
Barbour, D. A., Lewis & Sills, Ltd., Vancouver.
Bassett, A., Pemberton & Son, Vancouver.
*Brown, H. L., Vulcan Engineering Co., Granville Island, Vancouver.
*Campbell, H. J., Gregory Tire & Rubber (1926) Ltd., Port Coquitlam.
Cowley, E. A., International Business Machines Co., Ltd., Vancouver.
*Davis, C. H., Pacific Meat Co., Ltd., Vancouver.
Ferguson, P., 1330 Bute Street, Vancouver.
*Gennis, E., Pacific Meat Co., Ltd., Vancouver.
Girling, R. C., Dominion Canners B.C. Ltd., Vancouver.
*Girvin, J., Fraser Valley Milk Producers Ass'n, Vancouver.
Hayward, F. H., Canada Roof Products, Ltd., Vancouver.
Hunter, C. J., 2171 1st Avenue West, Vancouver.
Lunn, H. N., C.A., Peat, Marwick, Mitchell & Co., Vancouver.
*McLennan, D., Fraser Valley Milk Producers Ass'n, Vancouver.
*Outram, A., Fraser Valley Milk Producers Ass'n, Vancouver.
Paulding, J. H., Restmore Mfg. Co., Ltd., Vancouver.
Pirie, R. B. W., C.A., 413 Metropolitan Bldg., Vancouver.
Rogers, R. L., Western Hardware Steel, Ltd., Vancouver.
Scruton, R. G., Coast Stevedoring Co., Ltd., Vancouver.
Watson, H. J., Welch & Welch, Ltd., Vancouver.

*Junior membership.

TORONTO MEMBER DIES

George O. Merson, C.A., head of the Toronto firm of George O. Merson & Company, chartered accountants, died in Toronto on September 13. The late Mr. Merson was a member of this Society until his retirement from active work on account of ill-health some months ago.

COST LITERATURE

RECEIVED IN OCTOBER

ACCOUNTING Principles of the Cattle Industry. Leon E. Williams. Journal of Accountancy, October, 1930.

Office Management and Efficiency Standards for Clerical Help. Arthur Van Vlissingen, Jr. N.A.C.A. Bulletin, October 1, 1930.

Accounting For Estates and Trusts. Edwin A. Volz. N.A.C.A. Bulletin, Sec. 11, October 1, 1930.

Reducing Office Costs. Frank P. Hamon. Canadian Office, October, 1930.

Depreciation: What It Is and How It Is Computed. Louis Benedict. N.A.C.A. Bulletin, Sec. 11, October 15, 1930.

Standard Costs In the Factory of the Painsville Pie Plate Co. N.A.C.A. Bulletin, Sec. 11, October 15, 1930.

Analysis and Control of Distribution Costs. William B. Castenholz. N.A.C.A. Bulletin, October 15, 1930.

Problems of Personnel—Part VI. Accountants' Journal, Oct., 1930.

Cost and Stores Accounts. J. H. Burton, A.S.A.A. Accountants' Journal, October, 1930.

Depreciation and Redemption Funds. Thomas E. Naughten, A.S.A.A. Indian Accountant, September, 1930.

Use and Misuse of Charts. A. W. Green. Cost Accountant, September, 1930.

Details of Plan for Plant and Equipment Inventory. Lee Heyer White. American Accountant, October, 1930.

Plan for Allocating Distribution Cost to Commodities. Wroe Alderson. Certified Public Accountant, October, 1930.

Method of Handling Depreciation by Electric Street Railway Companies. Charlton C. Hetzler. Certified Public Accountant, October, 1930.

Don't kick a man when he is down—he may get up.

Mr. Newlywed: "Good gracious, dear, what a long pie! It is surely too big for two."

Mrs. Newlywed: "I'm sorry, Carl, but I couldn't get any shorter rhubarb anywhere."

A health enthusiast wrote an article on fresh milk, and an editor condensed it.

Oily to bed and oily to rise,
Such is the life of the garage guys.